



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
LOGAN COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2001

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE LOGAN COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

The Auditor of Public Accounts has completed the Logan County Fiscal Court audit for fiscal year ended June 30, 2001. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Cash balances decreased by \$303,004 from the beginning of the year, resulting in a cash balance of \$3,091,090 as of June 30, 2001.

Debt Obligations:

Total bonded debt principal as of June 30, 2001, was \$5,030,000. Future collections of \$8,190,454 are needed over the next 24 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$226,000 as of June 30, 2001. Future principal and interest payments of \$243,914 are needed to meet these obligations.

Notes Payable principal totaled \$78,721 as of June 30, 2001. Future principal and interest payments of \$90,777 are needed to meet these obligations.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable John H. Guion, III, Logan County Judge/Executive

Members of the Logan County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Logan County, Kentucky, as of June 30, 2001, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Logan County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Logan County Tourist and Convention Commission. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Logan County Tourist and Convention Commission, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Logan County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2001 of Logan County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable John H. Guion, III, Logan County Judge/Executive
Members of the Logan County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated April 19, 2002 on our consideration of Logan County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Logan County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 19, 2002

LOGAN COUNTY OFFICIALS

Fiscal Year Ended June 30, 2001

Fiscal Court Members:

John H. Guion, III	County Judge/Executive
Frank Harris Dockins, III	Magistrate
Wyatt Ezell, Jr.	Magistrate
Starling R. Murphy	Magistrate
Harold Prince	Magistrate
Curtis L. Watkins	Magistrate
Jimmy L. White	Magistrate

Other Elected Officials:

Thomas A. Noe, III	County Attorney
Bill Jenkins	Jailer
Kenny Chapman	County Clerk
Jim Nealy	Circuit Court Clerk
Dannie Blick	Sheriff
Ben Brown	Property Valuation Administrator
Phil Gregory	Coroner

Appointed Personnel:

Elaine Jenkins	County Treasurer
Karen Taylor	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

LOGAN COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

Assets and Other Resources

Assets

General Fund Type

General Fund:			
Cash	\$	345,276	
Road and Bridge Fund:			
Cash		620,864	
Jail Fund:			
Cash		7,810	
Local Government Economic Assistance Fund:			
Cash		124,042	
Solid Waste Fund:			
Cash		143,999	
Emergency 911 Fund:			
Cash		30,438	
Public Hospital Corporation Fund:			
Cash		93,051	
Investments		1,288,407	
Payroll Revolving Account - Cash		<u>5,105</u>	\$ 2,658,992

Debt Service Fund Type

Public Properties Corporation Sinking Fund:			
Cash	\$	68,867	
Investments		<u>368,336</u>	437,203

Other Resources

General Fund Type

General Fund:			
Amounts to be Provided in Future Years for Health			
Department Building - Capital Lease Principal Payments			12,000
Solid Waste Fund:			
Amounts to be Provided in Future Years for Recycling			
Center - Note Principal Payments			78,721
Emergency 911 Fund:			
Amounts to be Provided in Future Years for 911			
Equipment - Capital Lease Principal Payments			214,000

LOGAN COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2001
 (Continued)

Assets and Other Resources (Continued)

Other Resources (Continued)

Debt Service Fund Type

Public Properties Corporation Sinking Fund:

Amounts to be Provided in Future Years for Bond

Principal Payments	\$ 4,592,797
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Total Assets and Other Resources	<u>\$ 7,993,713</u>
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Liabilities and Fund Balances

Liabilities

General Fund Type

General Fund:

Capital Lease Principal Payments - Health

Department Building (Note 5)	\$ 12,000
------------------------------	-----------

Solid Waste Fund:

Note Payable - Recycling Program (Note 9)	78,721
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Emergency 911 Fund:

Capital Lease Obligation Payments - 911 Equipment (Note 5)	214,000
--	---------

Payroll Revolving Account	<u>5,105</u>	\$ 309,826
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Debt Service Fund Type

Public Properties Corporation Sinking Fund:

Bonds Principal Not Matured (Note 7)	5,030,000
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The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2001
 (Continued)

Liabilities and Fund Balances (Continued)

Fund Balances

Reserved:

General Fund Type

\$ 6,541

General Fund (Note 10)

Unreserved:

General Fund Type

General Fund	\$ 338,735	
Road and Bridge Fund	620,864	
Jail Fund	7,810	
Local Government Economic Assistance Fund	124,042	
Solid Waste Fund	143,999	
Emergency 911 Fund	30,438	
Public Hospital Corporation Fund	<u>1,381,458</u>	<u>2,647,346</u>
Total Liabilities and Fund Balances		<u>\$ 7,993,713</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

LOGAN COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2001

	General Fund Type			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 5,311,577	\$ 2,448,808	\$ 1,553,227	\$ 602,313
Transfers In	2,044,711	699,965		858,000
Kentucky Advance Revenue Program	1,025,800	1,025,800		
Regional Logan/Todd Water Commission - Water System (Note 6)	1,037,221	1,037,221		
Note Proceeds - Recycling Program	78,731			
Total Cash Receipts	<u>\$ 9,498,040</u>	<u>\$ 5,211,794</u>	<u>\$ 1,553,227</u>	<u>\$ 1,460,313</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 5,253,115	\$ 2,063,552	\$ 1,336,370	\$ 1,253,885
Jail Construction	8,277			
Transfers Out	2,044,711	932,000	69,965	233,587
Bonds:				
Principal Paid	110,000			
Interest Paid	244,920			
Principal on Capital Leases:				
County Health Building	12,000	12,000		
911 Equipment	65,000			
Grant Anticipation Notes:				
Principal Paid	1,000,000	1,000,000		
Interest Paid	37,221	37,221		
Kentucky Advance Revenue Program Repaid	1,025,800	1,025,800		
Total Cash Disbursements	<u>\$ 9,801,044</u>	<u>\$ 5,070,573</u>	<u>\$ 1,406,335</u>	<u>\$ 1,487,472</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (303,004)	\$ 141,221	\$ 146,892	\$ (27,159)
Cash Balance - July 1, 2000	<u>3,394,094</u>	<u>204,055</u>	<u>473,972</u>	<u>34,969</u>
Cash Balance - June 30, 2001	<u>\$ 3,091,090</u>	<u>\$ 345,276</u>	<u>\$ 620,864</u>	<u>\$ 7,810</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 2001
(Continued)

General Fund Type				Capital Projects Fund Type	Debt Service Fund Type
Local Government Economic Assistance Fund	Solid Waste Fund	Emergency 911 Fund	Public Hospital Corporation Fund	Public Properties Corporation Construction Fund	Public Properties Corporation Sinking Fund
\$ 65,321	\$ 171,293	\$ 357,578 74,000	\$ 77,923 68,691	\$ 2,886	\$ 32,228 344,055
	78,731				
\$ 65,321	\$ 250,024	\$ 431,578	\$ 146,614	\$ 2,886	\$ 376,283
\$ 113,386	\$ 124,143	\$ 361,779	\$	\$	\$
	38,691	30,000	630,000	8,277 110,468	
					110,000 244,920
		65,000			
\$ 113,386	\$ 162,834	\$ 456,779	\$ 630,000	\$ 118,745	\$ 354,920
\$ (48,065) 172,107	\$ 87,190 56,809	\$ (25,201) 55,639	\$ (483,386) 1,864,844	\$ (115,859) 115,859	\$ 21,363 415,840
\$ 124,042	\$ 143,999	\$ 30,438	\$ 1,381,458	\$ 0	\$ 437,203

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Logan County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Logan County Public Properties Corporation and the Logan County Tourist and Convention Commission as part of the reporting entity.

Logan County Public Properties Corporation

Fiscal Court has the authority to appoint a voting majority of the Public Properties Corporation's (PPC) Board of Directors. Fiscal Court also has the ability to approve or modify the PPC's budget, approve or modify rate or fee changes affecting revenues, veto, overrule, or modify decisions of the Board of Directors, or otherwise impose its will on the PPC. In addition, Fiscal Court is financially accountable for the PPC: legally entitled to the PPC's resources as well as legally obligated for the PPC's debt. Financial information for the Public Properties Corporation is blended within Logan County's financial statements.

Logan County Tourist and Convention Commission

On December 29, 1999, the Logan County Fiscal Court (Fiscal Court) established the Logan County Tourist and Convention Commission (Commission) pursuant to KRS 91A.350(2) for the purpose of promoting tourism and convention activity in Logan County. The Commission is composed of seven members appointed by the Logan County Judge/Executive with the approval of the Fiscal Court. Five members are appointed by the County Judge/Executive from lists submitted by third parties. Two members are appointed at-large by the County Judge/Executive. The Commission's governing body is substantially different from the Fiscal Court. However, the Commission is fiscally dependent on the Fiscal Court because the Fiscal Court controls its major source of revenue. The Commission's major source of revenue is the transient room tax. On January 11, 2000, the Fiscal Court enacted an ordinance imposing a transient room tax. The Fiscal Court currently collects "3% of the rent for every occupancy of a suite, room or rooms, charged by all persons, companies, corporations or other like or similar persons, groups or organizations doing business as motor courts, motels, hotels, inns, or like or similar accommodations businesses." The Commission is to annually submit a request for funds to the Fiscal Court. This fiscal dependency requires the Fiscal Court to include the Commission as a component unit. The Commission is not included in any other organization's reporting entity and does not provide services exclusively to the Fiscal Court; therefore, the financial activity of the Commission should be presented discretely. The Commission's audit report for the year ended June 30, 2001, issued by an independent CPA, is included in Appendix B of this report.

LOGAN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2001
 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Additional - Logan County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Logan County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Logan County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Logan County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, Solid Waste Fund, Emergency 911 Fund, and the Public Hospital Corporation Fund.

2) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Public Properties Corporation Sinking Fund. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

3) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Public Properties Corporation Construction Fund is reported as a Capital Projects Fund Type.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Logan County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for funds of the Public Properties Corporation because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require those funds to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Logan County Fiscal Court: East Logan County Water District and North Logan County Water District. The fiscal court's accountability for these organizations does not extend beyond making appointments. In fiscal year 2001, the fiscal court appropriated no funds to the East Logan County Water District or North Logan County Water District.

G. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. The Logan County Fiscal Court is a participant with the cities of Adairville, Auburn, Lewisburg, and Russellville in a joint venture to operate the Joint City-County Planning Commission and Board of Adjustment (Planning Commission). The Planning Commission is governed by an eleven-member board composed of five appointees from the Logan County Fiscal Court, three appointees from City of Russellville, and one appointee each from City of Adairville, City of Auburn, and City of Lewisburg. The Fiscal Court and each city are obligated as follows: "All costs incurred by the Commission, not met by Federal and/or State monies, shall be paid by the participating cities and the county on a percentage rate according to the number of members appointed to the commission by each of the participating entities." During fiscal year 2001, the fiscal court appropriated \$6,060 and expended \$6,000 to the Planning Commission.

H. Jointly Governed Organization

A regional government or other multigovernmental arrangement that is governed by representatives from each of the governments that creates the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility is a jointly governed organization. The Logan County Fiscal Court (Fiscal Court), in conjunction with City of Russellville (City), has created the Russellville-Logan County Airport Board (Airport Board). The Airport Board is composed of three members each from the Fiscal Court and City. During fiscal year 2001, the fiscal court appropriated and expended \$10,500 to the Russellville-Logan County Airport Board. However, on September 23, 1997, the Fiscal Court and the City guaranteed repayment of loans in the amount of \$120,000 at an interest rate of 2% per annum. The loans are for a period of ten years for the purpose of constructing capital improvements.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deferred Compensation

Logan County Fiscal Court allows all full time employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by full time employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is present in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report.

Note 4. Deposits and Investments

A. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2001, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 4. Deposits and Investments (Continued)

B. Investments

The county's investments are categorized below to give an indication of the level of risk assumed by the county at year-end. Category 1 includes investments that are insured or registered or the securities are held by the county or by the county's agent in the county's name. Category 2 includes uninsured and unregistered investments where the securities are held by the financial institution in the county's name. Category 3 includes uninsured and unregistered investments where the securities were held by the financial institution, but not in the county's name. The carrying amount of the county's investments is stated at cost. No investments were sold or purchased during the year, but there was an unrealized gain of \$27,626.

Types of Investments	Category			Carrying Amount	Market Value
	1	2	3		
Repurchase					
Agreement	\$ 1,288,407	\$	\$	\$ 1,288,407	\$ 1,288,407
U.S. Government					
Agency					
Obligations	368,336			368,336	395,962
Totals	<u>\$ 1,656,743</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,656,743</u>	<u>\$ 1,684,369</u>

Note 5. Lease Agreements

On September 15, 1992, the Logan County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust for the purpose of acquiring a Health Department Building. The principal amount borrowed was \$54,000 with an interest rate of 4.825%. The termination date of the lease is February 1, 2002. The outstanding balance as of June 30, 2001 was \$12,000. Lease payment requirements are:

Fiscal Year	Interest	Principal
2002	<u>\$ 406</u>	<u>\$ 12,000</u>

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 5. Lease Agreements (Continued)

The county entered into the following lease agreement for the purchase of 911 Equipment on April 26, 1999 with a maturity date of January 20, 2004. The principal amount borrowed was \$275,000. On February 8, 2000 the county borrowed an additional \$55,000. The interest rate was 4.02 percent with estimated rental interest costs of \$36,655. In addition the county agreed to pay administrative, credit, and fiduciary fees of \$9,452. The principal amount outstanding as of June 30, 2001 was \$214,000.

Fiscal Year	Interest And Fees	Principal
2002	\$ 9,339	\$ 67,000
2003	5,914	70,000
2004	2,255	77,000
Totals	\$ 17,508	\$ 214,000

Note 6. Grant Anticipation Notes

On May 23, 2000, the Logan County Fiscal Court issued Limited Obligation Grant Anticipation Notes, Series 2000, in the amount of \$1,000,000 at an interest rate of 5.56%. The purpose of the grant anticipation notes was to provide funds to the Logan/Todd Regional Water Commission for construction of a water system. The grant anticipation notes were secured with the proceeds of a grant for \$1,000,000 from the Commonwealth of Kentucky. The Fiscal Court loaned the \$1,000,000 to the Logan/Todd Regional Water Commission. On February 6, 2001, the Logan/Todd Regional Water Commission paid \$1,037,221 of principal and interest directly to the lender to pay off the Limited Obligation Grant Anticipation Notes, Series 2000.

Note 7. Bonds Payable

On September 1, 1998, the Logan County Public Properties Corporation issued first mortgage bonds to provide funding for the construction of the Logan County Jail. The total bond issue was in the amount of \$5,140,000, with interest rates varying between 4.25% and 5.1%. Interest is payable on March 1 and September 1 of each year. The bonds were sold at a discount of \$26,478. The total bond proceeds were \$5,223,522. At the date of sale, there was \$24,726 in accrued interest that was remitted to the Public Properties Corporation along with the bond proceeds. Funds in the amount of \$5,138,248 were deposited into the Construction Fund account. On October 7, 1998 funds were transferred from the Construction Fund account to the Debt Reserve account in the amount of \$368,988, to the Cost of Issuance account in the amount of \$51,400, and to the Sinking Fund account in the amount of \$24,725. The bond issue provides for early redemption, with 30 days notice, on or after September 1, 2008.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 7. Bonds Payable (Continued)

Bonds outstanding as of June 30, 2001 totaled \$5,030,000. Debt service requirements are:

<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>
2002	\$ 240,245	110,000
2003	235,464	115,000
2004	230,364	125,000
2005	224,945	130,000
2006	219,314	135,000
2007-2025	<u>2,447,325</u>	<u>4,415,000</u>
Totals	<u>\$ 3,597,657</u>	<u>\$ 5,030,000</u>

Note 8. Notes Payable

On July 1, 2000, the Logan County Fiscal Court entered into a loan agreement with Kentucky Infrastructure Authority for \$175,917. The fiscal court actually drew down \$78,731. The loan was for the purpose of establishing a comprehensive recycling program for Logan County, including the cities of Russellville, Adairville, Auburn, and Lewisburg. The principal was \$78,731 at 2.60% interest for a period of ten years, interest and principal paid semi-annually.

Debt service requirements are:

<u>Fiscal Year</u>	<u>Interest And Fees</u>	<u>Principal</u>
2002	\$ 2,156	\$ 6,990
2003	1,959	7,173
2004	1,757	7,360
2005	1,549	7,553
2006	1,336	7,751
2007-2010	<u>3,289</u>	<u>41,904</u>
	<u>\$ 12,046</u>	<u>\$ 78,731</u>

Note 9. Contingency

On September 10, 2000, the Russellville Rural Volunteer Fire Department of Logan County borrowed \$112,881 from the Kentucky Fire Commission/Fire Rescue Training for the purchase of radios, protective clothing and repair to the 1995 truck with 12 annual payments of \$11,340. On January 9, 2001, the Logan County Fiscal Court agreed to guarantee payment of \$3,090; the portion of the annual payment that exceeds Russellville Rural Fire Department's State Aid Grant of \$8,250, if for any reason the fire department is unable to meet this obligation.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 10. Shaker Village Grant

Logan County Fiscal Court was awarded a grant for \$100,000 from the Federal Highway Administration through the Kentucky Transportation Cabinet, Commonwealth of Kentucky, to assist in acquisition of additional land at Shaker Village. During fiscal year 2001, the Logan County Fiscal Court received grant funds totaling \$69,289 and spent funds totaling \$69,289.

Note 11. Reserved Fund Balance

Reservations of fund balance represent amounts that are legally segregated for a specific purpose. As of June 30, 2001, funds of \$6,541 of the General Fund were reserved as follows: Department for Local Government, Commonwealth of Kentucky, grant balance of \$3,880 and Logan County Tourism and Convention Commission, funds of \$2,661.

Note 12. Insurance

For the fiscal year ended June 30, 2001, Logan County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 13. Jail Canteen Fund

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations.

The Logan County Jail Canteen Fund had income of \$109,205, less cost of goods sold of \$84,582, leaving net income at \$24,623 as of June 30, 2001. All profit expenditures were for the benefit and/or recreation of the inmates.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2001

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 4,466,682	\$ 2,448,808	\$ (2,017,874)
Road and Bridge Fund	1,440,763	1,553,227	112,464
Jail Fund	663,670	602,313	(61,357)
Local Government Economic Assistance Fund	48,945	65,321	16,376
Solid Waste Fund	111,500	171,293	59,793
Emergency 911 Fund	361,011	357,578	(3,433)
Public Hospital Corporation Fund	123,691	77,923	(45,768)
Totals	<u>\$ 7,216,262</u>	<u>\$ 5,276,463</u>	<u>\$ (1,939,799)</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 7,216,262
Add: Budgeted Prior Year Surplus	2,863,104
Less: Other Financing Uses	<u>(1,341,391)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 8,737,975</u>

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SCHEDULE OF OPERATING REVENUE

LOGAN COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2001

Revenue Categories	GOVERNMENTAL FUND TYPES			
	Totals (Memorandum Only)	General Fund Type	Capital Projects Fund Type	Debt Service Fund Type
Taxes	\$ 1,440,018	\$ 1,440,018	\$	\$
In Lieu Tax Payments	95,147	95,147		
Licenses and Permits	159,598	159,598		
Intergovernmental Revenues	3,294,672	3,294,672		
Charges for Services	14,333	14,333		
Miscellaneous Revenues	61,658	56,174	2,886	2,598
Interest Earned	246,151	216,521		29,630
Total Operating Revenue	<u>\$ 5,311,577</u>	<u>\$ 5,276,463</u>	<u>\$ 2,886</u>	<u>\$ 32,228</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2001

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 2,165,062	\$ 1,825,383	\$ 339,679
Protection to Persons and Property	1,427,969	1,419,922	8,047
General Health and Sanitation	1,159,802	152,429	1,007,373
Social Services	13,600	10,078	3,522
Recreation and Culture	62,600	50,810	11,790
Roads	1,276,643	971,214	305,429
Airports	10,500	10,500	
Debt Service	26,024	25,024	1,000
Capital Projects	397,539	223,628	173,911
Administration	2,198,236	564,127	1,634,109
Total Operating Budget - All General Fund Types	\$ 8,737,975	\$ 5,253,115	\$ 3,484,860
Other Financing Uses:			
Principal on Capital Lease Agreements-			
County Health Building	12,000	12,000	
911 Equipment	65,000	65,000	
Borrowed Money-			
Notes Payable - Principal	5,000		5,000
Kentucky Advanced Revenue Program - Principal	1,025,800	1,025,800	
Transfers to Public Property Corporation Fund	233,591	233,587	4
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 10,079,366</u>	<u>\$ 6,589,502</u>	<u>\$ 3,489,864</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable John H. Guion, III, Logan County Judge/Executive
Members of the Logan County Fiscal Court

**Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Logan County, Kentucky, as of and for the year ended June 30, 2001, and have issued our report thereon dated April 19, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Logan County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Logan County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 19, 2002

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS


LOGAN COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

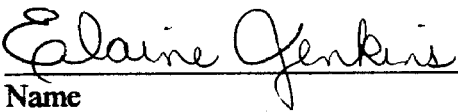
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS
LOGAN COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

The Logan County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer

LOGAN COUNTY
TOURIST AND COVENTION COMMISSION AUDIT

Fiscal Year Ended June 30, 2001

LOGAN COUNTY TOURIST AND CONVENTION COMMISSION

**A COMPONENT UNIT OF
LOGAN COUNTY, KENTUCKY**

FINANCIAL STATEMENTS

June 30, 2001

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INDEPENDENT AUDITORS' REPORT

Commissioners
Logan County Tourist and
Convention Commission
Russellville, Kentucky

We have audited the accompanying general purpose financial statements of **Logan County Tourist and Convention Commission**, a component unit of Logan County, Kentucky, (the "Commission") as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Logan County Tourist and Convention Commission**, a component unit of Logan County, Kentucky, as of June 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 8, 2002 on our consideration of the Commission's internal control over financial

Commissioners
Logan County Tourist and Convention Commission

reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Holland CPAs, PSC

Russellville, Kentucky
July 8, 2002

LOGAN COUNTY TOURISM AND CONVENTION COMMISSION
A COMPONENT UNIT OF LOGAN COUNTY, KENTUCKY
BALANCE SHEET
June 30, 2001

ASSETS

CASH	\$	17,353
TAX RECEIVABLE		<u>5,083</u>
TOTAL ASSETS	\$	<u>22,436</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	762
TOTAL LIABILITIES		<u>762</u>
FUND BALANCE		<u>21,674</u>
TOTAL LIABILITIES AND FUND BALANCE	\$	<u>22,436</u>

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY TOURISM AND CONVENTION COMMISSION
A COMPONENT UNIT OF LOGAN COUNTY, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
For the Year Ended June 30, 2001

REVENUES

Taxes	\$ 31,265
State revenue	1,607
Other income	243
TOTAL REVENUES	33,115

EXPENDITURES

Advertising and public relations	8,504
Clerical support	4,689
Grants	8,559
Office supplies	690
TOTAL EXPENDITURES	22,442

EXCESS OF REVENUES OVER EXPENDITURES 10,673

FUND BALANCE — JULY 1, 2000 11,001

FUND BALANCE — JUNE 30, 2001 **\$ 21,674**

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY TOURISM AND CONVENTION COMMISSION
A COMPONENT UNIT OF LOGAN COUNTY, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2001

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Taxes	\$ 30,000	\$ 31,265	\$ 1,265
State revenue	0	1,607	1,607
Other income	1,000	243	(757)
TOTAL REVENUES	<u>31,000</u>	<u>33,115</u>	<u>2,115</u>
EXPENDITURES			
Advertising and public relations	5,000	8,504	(3,504)
Clerical support	0	4,689	(4,689)
Grants	15,850	8,559	7,291
Office supplies	10,150	690	9,460
TOTAL EXPENDITURES	<u>31,000</u>	<u>22,442</u>	<u>8,558</u>
EXCESS OF REVENUE OVER EXPENDITURES	0	10,673	10,673
FUND BALANCE — JULY 1, 2000	<u>0</u>	<u>11,001</u>	<u>11,001</u>
FUND BALANCE — JUNE 30, 2001	<u>\$ 0</u>	<u>\$ 21,674</u>	<u>\$ 21,674</u>

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY TOURISM AND CONVENTION COMMISSION
A COMPONENT UNIT OF LOGAN COUNTY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

NATURE OF OPERATIONS

The *Logan County Tourist and Convention Commission* (the "Commission") was created by ordinance 99-150-1 and 00-150-2 under the provisions of KRS 91A.350(2) for the purpose of promoting tourism and convention activity in Logan County, Kentucky. The Commission provides resources to events in Logan County that promote tourism in Logan County.

REPORTING ENTITY

The Commission is governed by a seven member board (the "Board"). The criteria for determining the Commission as a component unit of Logan County, Kentucky, the primary government, as set forth in GASB No. 14, *The Financial Reporting Entity*, is financial accountability. The majority of the commissioners of the Board are appointed by the Logan County Judge Executive subject to the approval of the Logan County Fiscal Court. The Commission can provide a financial benefit to or impose a financial burden on the primary government.

BASIS OF ACCOUNTING

The records of the Commission are maintained and the budgetary process is based on the modified accrual basis of accounting. Revenues (i.e., taxes) should be recognized in the accounting period in which they become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable.

REVENUES — EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Revenues resulting from exchange transactions are where each party receives equal value. On the modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Commission, available means expected to be received within 60 days of the fiscal year-end.

LOGAN COUNTY TOURISM AND CONVENTION COMMISSION
A COMPONENT UNIT OF LOGAN COUNTY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2001

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Non-exchange transactions, in which the Commission received value without directly giving equal value in return, include transient room taxes, grants, entitlement and donations. On the modified accrual basis, revenue from transient room taxes is recognized in the period when the exchange transaction on which the tax is imposed occurs. Revenue from grants, entitlement and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Commission must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Commission on a reimbursement basis. Revenues from non-exchange transactions must also be available before it can be recognized.

BUDGETARY PROCESS

Budgetary Basis of Accounting: The Commission's budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and the GAAP basis are:

- Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The Commission is required by the county to adopt an annual budget.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

LOGAN COUNTY TOURISM AND CONVENTION COMMISSION
A COMPONENT UNIT OF LOGAN COUNTY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2001

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

INCOME TAXES

The Commission is exempt from federal and state income taxes under Section 501 of the Internal Revenue Code.

NOTE 2: DEPOSITS

At June 30, 2001, the carrying amount of the Commission's deposits was \$17,353 and the bank balance was \$17,823, which was covered by federal depository insurance.

NOTE 3: CHANGES IN ACCOUNTING STANDARDS

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. The Statement establishes new financial reporting requirements for state and local governments throughout the United States. It will create new information and will restructure much of the information that governments have presented in the past. It establishes that the basic financial statements and required supplementary information for the general purpose governments should consist of:

- ✓ Management's discussion and analysis (MD&A)
- ✓ Basic financial statement:
 - Government-wide financial statements
 - Governmental funds financial statements
- ✓ Notes to the financial statements
- ✓ Required supplementary information (RSI)

LOGAN COUNTY TOURISM AND CONVENTION COMMISSION
A COMPONENT UNIT OF LOGAN COUNTY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001

NOTE 3: CHANGES IN ACCOUNTING STANDARDS
(Continued)

GASB Statement No. 34 is effective in three phases based on total annual revenues of the primary government's governmental and proprietary funds reported for the fiscal year ended June 30, 1999. GASB Statement No. 34 effective for the Commission for the fiscal year beginning July 1, 2003. The effect GASB Statement No. 34 has on the Commission has not yet been determined.



Holland CPAs
Professional Service Corporation

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Commissioners
Logan County Tourist and
Convention Commission
Russellville, Kentucky

We have audited the financial statements of ***Logan County Tourist and Convention Commission***, a component unit of Logan County, Kentucky, as of and for the year ended June 30, 2001, and have issued our report thereon dated July 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

● **Compliance**

As part of obtaining reasonable assurance about whether ***Logan County Tourist and Convention Commission's*** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

● **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered ***Logan County Tourist and Convention Commission's*** internal control over financial reporting in order to

Commissioners
Logan County Tourist and Convention Commission

determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of ***Logan County Tourist and Convention Commission***, in a separate letter dated July 8, 2002.

This report is intended solely for the information and use of the Commissioners, management and federal and state agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Holland CPAs, PSC

Russellville, Kentucky
July 8, 2002